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SUBJECT: GHANI, ABDULLAH DEBATE ECONOMY--WITHOUT KARZAI

**¶1.** (SBU) Summary: In a televised August 10th debate in front of a live audience, presidential candidates Ashraf Ghani Ahmadzai and Abdullah Abdullah highlighted agriculture and natural resources as the keys to Afghanistan's economic future. Both candidates sketched their visions for increasing employment, emphasizing the importance of including women. Abdullah focused on poverty reduction through investment in water, energy, transit, natural resources, and agriculture. Ghani called for widening economic opportunity in eight "economic zones" and expanded governmental authority for six municipalities that would serve as models for municipal reform country-wide. President Karzai declined to participate, probably due to his vulnerability on the rise of drug trading, perceived corruption, and nepotism. Despite Karzai's absence, the debate was another significant step in providing the Afghan electorate with important information about Karzai's main challengers. End summary.

Atmospherics: A replay of the first TV debate

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**¶2.** (U) In overall tone, Abdullah seemed to aim for an air of "senior statesman," dressed in a dark suit and speaking in often-poetic generalities. By contrast, Ghani's PhD in economics was evident in his presentation: he dug deeper into issues, using specific examples including raisin production and cement standards to illustrate his plans for Afghan employment. Wearing Afghan dress, Ghani took several populist pot-shots at international aid and subcontracting. Ghani was interrupted three times during his introductory presentation by spontaneous applause, and he often joked with Abdullah and the audience. Abdullah was more constrained, reading his initial presentation and final address from prepared notes. Both candidates criticized Karzai for failing to appear.

Abdullah's Five Pillars

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**¶3.** (U) Abdullah's prepared speech emphasized sustainable growth and poverty reduction through market economics, with the government playing a "pivotal role with respect to reforming laws, supervising the implementation of laws, and regulating the private sector." Mentioning that the government must "intervene in the economy when necessary," he proposed a system of joint ventures with domestic and international companies, industrial zones, tax exemptions, and expanded employment opportunities for youth and women. He advocated simplification of investment laws and elimination of corruption and costly red tape.

**¶4.** (U) Abdullah described five pillars of his economic policy: water, energy, transit, natural resources, and agriculture (with agriculture receiving "80 percent of government support.")

--Water: Abdullah highlighted the need to negotiate transboundary water agreements with neighbors and "educate experts" on water use.

--Energy: "Afghanistan can become an energy exporter," he

promised, emphasizing that the way to decrease imports is through sustainable solutions (hydro and renewables).

--Transit: Abdullah again emphasized diplomacy and negotiations with neighbors, plus interprovincial roads, secondary roads, and small airfields in remote regions.

--Natural Resources: "Afghanistan's mineral riches could fund these projects," he claimed, and better infrastructure, transparent tender processes, and lower royalty rates will be essential: he put priority on oil, gas, iron, and copper, while also specifically mentioning gemstones.

--Agriculture: Afghanistan can alleviate poverty through self-sufficiency in agriculture; he called for substitutes for poppy farming and support to farmers.

#### Ghani's Detailed Vision

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**¶5.** (U) In a more discursive presentation befitting a former Berkeley and Johns Hopkins professor, Ghani outlined problems that beset Afghanistan's economy, including capital flight, complicated tax structure, lack of transparency and infrastructure, landlocked status, and narcotics production. He also struck a less-factual note when he complained about "ineffective aid--there are four or more levels of contractors, and the money does not stay with Afghans. Ninety cents of every dollar from USAID goes to the United States." Commenting on Afghanistan's rampant unemployment, Ghani declared "the government cannot provide employment" and cited the market as the best solution.

**¶6.** (U) Ghani won his first burst of applause during his

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description of obstacles facing Afghan contractors on international aid projects when he called for "a legitimate economy to replace the mafia economy." He then called for insurance for investors (foreign and domestic) and highlighted the potential for women in the economy (reminding the audience that the Prophet's wife had been a wealthy woman in Mecca.)

**¶7.** (U) Ghani garnered another round of applause when he echoed Abdullah's dream that Afghanistan will someday be a power exporter. He called for a quick regional trade agreement so that Afghanistan can become "a land bridge" for the region. Describing extensive Arab investments in Africa and Asia, he said one of his goals will be to win Arab investment for Afghanistan's agricultural sector. "Market access is critical," he added: "If Europe wants to help, let them open their market to our agricultural products. NATO should buy Afghan products...Cotton cannot compete with narcotics, but clothes can. Women can participate in traditional textile projects, and the United States should open its market." He noted that Afghan products would need to meet international standards.

**¶8.** (U) As he has done in previous conversations with the Embassy, Ghani described eight "economic zones" in the country with different challenges and opportunities, emphasizing that all regions should have access to equal development. Ghani also mentioned plans to create powerful "super mayors" in six cities, which would serve as a model for municipal reform throughout the country. This "city solidarity program" prompted another round of applause.

#### Questions, Answers, and Criticisms

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**¶9.** (U) In the question and answer session, the entrepreneurs and businesspeople present responded enthusiastically to Ghani's cost-cutting suggestion of "eliminating the Ministry of Economy." Both candidates suggested that they would eliminate the presidential Office of Administrative Affairs; as Ghani put it, "the president doesn't need 800 employees." Ghani drew laughter and

sustained applause when he asked sarcastically, "Why do we need international advisors? To help us dig a well?" Abdullah responded with his own criticism of international advisors, saying that he had worked in a ministry with "one hundred international advisors, but there was no impact after they left. They even took the hard drives, they left nothing. We need to change this."

Final Wrap-up

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¶ 10. (U) Ghani's final address continued in a populist vein, calling for Afghan dignity and envisioning a future where "no Afghan will toil under the hot sun in the deserts of Iran and Dubai." Saying that "on the 20th of August the people will choose their future," Ghani called for "politics to overcome force" and "a government built on trust." Abdullah used the media to address the electorate directly, reminding them of Afghanistan's rich potential and calling on all Afghans to work towards a day with no poverty: "On August 20th, you decide the fate of your great land. Don't think you don't have the capability. You can improve things; Afghanistan has the capacity to develop...Make the 20th of August a day when we take the country toward prosperity and peace."

Comment

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¶ 11. (SBU) This first economic debate between presidential candidates was an important milestone for Afghanistan, although the two participants' presentations offered few surprises. Also unsurprising was Karzai's absence. Although he could have pointed to years of sustained licit-economy growth and the expansion of media, telecom and financial services, he is vulnerable to criticism for the rise of illicit drug trading, perceived corruption, and nepotism. That he chose not to participate reflects the campaign's political calculation that, as the incumbent, he has little to gain and much to lose in such open debate forums. End comment.

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